

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-336-C - ORDER NO. 2007-808
NOVEMBER 7, 2007

IN RE:	Application of FTC Communications, Inc.)	ORDER
	DBA Farmers Long Distance (FLD),)	APPROVING
	Farmers Telephone Cooperative, Inc. (FTC),)	REFLIEF
	and FTC Diversified Service, Inc. (FTC-D))	
	for Approval of Transfer of Customer Base)	
	and for Expansion of Authority of FTC-D to)	
	Include the Authority to Provide Resold)	
	Interexchange Telecommunications Services)	
	in South Carolina, and for Approval of)	
	FTC's Interexchange Telecommunications)	
	Tariff Adopting FLD's Rates, Terms and)	
	Conditions)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of FTC Communications, Inc. d/b/a Farmers Long Distance (FLD), Farmers Telephone Cooperative, Inc. (FTC), and FTC Diversified Services, Inc. (FTC-D) (collectively, the Joint Applicants or the companies) requesting authority to (i) transfer to FTC all of FLD's long distance customers, both residential and business, who are served by FLD in the local exchange service area of FTC; (ii) transfer to FTC-D all of FLD's long distance customers, both residential and business, who are served by FLD in the local exchange area of FTC-D; (iii) expand FTC-D's certificate of public convenience and necessity to include the authority to provide resold interexchange telecommunications services in the State of South Carolina; and (iv) approve FTC's

interexchange services, by which it will adopt the rates, terms, and conditions for resold interexchange telecommunications services contained in FLD's current tariffs. The Joint Applicants also request, to the extent required, that the Commission waive any applicable anti-slamming regulations. The Joint Applicants request that we act on the Application on an expedited basis.

Pursuant to the instructions of the Commission's Docketing Department, the Joint Applicants filed a Notice of Filing in newspapers of general circulation in the areas served by the Joint Applicants. No Protests or Petitions to Intervene were received.

We would note that the transfers contemplated by (i) and (ii) above are governed by S.C. Code Ann. Section 58-9-310 (Supp. 2006). That section states that "No telephone utility, without the approval of the Commission, after due hearing...may sell [or] transfer . . . its property..." The Joint Applicants filed the verified testimony of Ronald K. Nesmith, External Affairs and Chief Regulatory Officer of FTC and its affiliates, in support of the Joint Application. Provision of this testimony, and subsequent consideration of this matter at our weekly Commission agenda session, shall constitute the "due hearing" needed in this case, since there were no intervenors, and ORS had no objections to the Application. The testimony addressed all areas of the Application as discussed below.

Nesmith testified as to the relief sought in the Joint Application and gave an overview of each Company involved in the proceeding. Among other things, Nesmith testified that FTC-D is requesting expanded authority from this Commission to provide resold interexchange telecommunications services in the State of South Carolina.

Nesmith stated that FTC-D has a history of providing high-quality telecommunications services within the State of South Carolina, and possesses the technical, managerial, and financial resources and capability to provide the service for which authority is requested. FTC-D, if approved, will adopt the current and effective tariffs of FLD in the State of South Carolina upon certification and prior to the commencement of service in its own name. Further, Nesmith notes that the granting of FTC-D's request will serve the public interest by providing consumers with a greater choice of long distance services, and with the ability to obtain both local and long distance services from a single provider. Further, the testimony states that FTC-D will adhere to all applicable rules, regulations, and orders of the Commission, and will participate in the support of universally available telephone services at affordable rates to the extent required by the Commission. Nesmith notes that FTC-D will provide services which meet the service standards of the Commission.

FTC is already authorized to provide local and interexchange telecommunications service in South Carolina. FTC is seeking approval of a tariff for interexchange telecommunications services by which it will adopt the rates, terms and conditions of service offered by FLD. FTC seeks only to provide in-region interexchange services on a resold basis.

The Joint Applicants also propose to transfer the customer base of FLD to the respective local exchange carriers FTC and FTC-D. Each customer will be transferred to the local exchange carrier whose service area includes the customer's premises. The service areas of FTC and FTC-D do not overlap. FLD will continue to provide certain interexchange telecommunications services in South Carolina, and will remain a certified

carrier. The retail customers are being transferred to the respective local exchange carriers who currently serve them in order to achieve administrative, marketing, consumer service, and billing efficiencies. Nesmith states that this change will allow the affiliated companies to continue to provide an array of high quality services to consumers in South Carolina. Furthermore, the change will allow customers to receive their long distance and local services from a single provider, which will lead to less customer confusion, according to Nesmith. FLD will provide notice to affected customers prior to transferring the customers to FTC and FTC-D. The notice will inform customers of the transfer and of their right to switch to the long distance carrier of their choice. The notice also informs customers of other rights and responsibilities with regard to the service. The Joint Applicants also request, to the extent necessary, that the Commission grant a waiver of any applicable anti-slamming regulations that may possibly be violated by the transfer being made without separate and specific authorization from each affected customer.

Nesmith states that the transfer will be transparent to the affected customers, and will not change the quality of service that FLD's current interexchange customers enjoy. FTC and FTC-D will adopt the rates, terms, and conditions of FLD's intrastate interexchange tariffs, thus providing a seamless transition for existing customers of FLD.

The witness testified that the public interest will be served by the transfer of FLD's long distance customers to FTC and FTC-D because FTC and FTC-D are experienced and qualified carriers that have been providing high quality local telecommunications services in South Carolina for many years. Moreover, according to Nesmith, approval of the transfer will allow customers of FTC and FTC-D to obtain an

array of services and products from a single retail provider. Further, Nesmith testified that the proposed transfer will promote competition in South Carolina by enhancing FTC's and FTC-D's ability to take advantage of certain efficiencies that will support expanded services and more competitive rates.

The Office of Regulatory Staff filed a letter, stating that it has no objection to the transfer of the customer base, expanding FTC-D's authority, or to the interexchange telecommunications tariff, subject to one condition. ORS requested that the Commission require FTC and FTC-D to assume any financial obligations of FLD to the intrastate Universal Service Fund and the Interim LEC Fund due to the transfer of the customer base. The Joint Applicants replied to the letter, stating that the companies will and have always intended to honor all commitments to the intrastate Universal Service Fund and the Interim LEC Fund. The companies will continue to track revenues and minutes, and will assign them to the appropriate entities for reporting and payment purposes, as has been done in the past. According to the companies, the Application in this matter will have no effect on this process, but certain revenues and access minutes of use that are now being assigned to FLD will be assigned to FTC and FTC-D after approval of the Application.

We have examined the testimony and the entire record in this case, and hold that the requested relief should be granted as filed. The verified testimony of witness Nesmith provides an excellent basis for doing so. The requested relief is reasonable, given the circumstances described in the Application, and the testimony. Accordingly, we hold that we shall (i) approve the transfer to FTC of all of FLD's long distance

customers, both residential and business, who are served by FLD in the local exchange service area of FTC; (ii) approve the transfer to FTC-D of all of FLD's long distance customers, both residential and business, who are served by FLD in the local exchange area of FTC-D; (iii) approve the expansion of FTC-D's certificate of public convenience and necessity to include the authority to provide resold interexchange telecommunications services in the state of South Carolina; and (iv) approve FTC's interexchange services, by which it will adopt the rates, terms, and conditions for resold interexchange telecommunications services contained in FLD's current tariffs. To the extent required, we also waive any applicable anti-slamming regulations. In addition, we hold that FTC, and FTC-D shall assume any financial obligations of FLD to the intrastate Universal Service Fund and the Interim LEC Fund. We also make the following findings as to FTC-D's expanded certificate to provide resold interexchange telecommunications services in the State of South Carolina:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. We find that FTC-D possesses the managerial and technical experience and capability to operate as a provider, through resale, of interexchange services in South Carolina.
2. We find that FTC-D possesses sufficient financial resources to provide the services as described in its Application.
3. We find that the expansion of FTC-D's Certificate of Public Convenience and Necessity to operate as a reseller of interexchange telecommunications services in South Carolina would be in the best interest of the citizens of South Carolina by

increasing the level of competition in South Carolina, by providing an alternative source for telecommunications services, and by creating incentives for lower prices, more innovative services, and more responsive customer service.

4. The Commission finds that the Company will support universally available telephone service at affordable rates.

5. The Commission finds that services to be provided by the Company will meet the service standards of the Commission.

6. The Commission approves the adoption by FTC-D of the current and existing tariffs of FLD.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. The Certificate of Public Convenience and Necessity of FTC-D shall be expanded to allow FTC-D to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through facilities-based provisioning or resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission, as well as to provide local exchange telecommunications services within the State of South Carolina.

2. The Company's rate designs for its products shall comport to those designs described in Conclusions of Law above.

3. If it has not already done so by the date of issuance of this Order, FTC-D shall file its revised tariff and an accompanying price list for any applicable rates within

thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

4. FTC-D is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

5. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

6. FTC-D shall resell the services of only those interexchange carriers authorized to do business in South Carolina by this Commission. If FTC-D changes underlying carriers, it shall notify the Commission in writing.

7. With regard to the origination and termination of toll calls within the same LATA, FTC-D shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, FTC-D shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

8. FTC-D and FTC shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission as previously ordered.

9. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

10. Each telecommunications company certified in South Carolina is required to file annually the Intrastate Universal Service Fund (USF) worksheet as directed by the Commission. This worksheet provides ORS information required to determine each telecommunications company's liability to the State USF fund. FTC-D and FTC will file this report as they have in the past.

11. FTC's interexchange tariff, by which FTC will adopt the rates, terms, and conditions for resold interexchange telecommunications services contained in FLD's current tariffs, is approved.

12. The transfer of customers as described above is approved.

13. To the extent required, the anti-slamming regulations are waived.

14. FTC and FTC-D shall assume any financial obligations of FLD to the intrastate Universal Service Fund and the Interim LEC Fund.

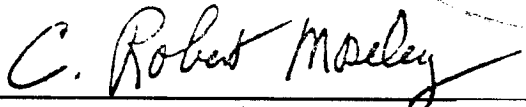
15. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)